The power of robotics, in your skilled hands
Forward looking statements

This document may contain forward-looking statements that may or may not prove accurate. For example, statements regarding expected revenue growth and trading margins, market trends and our product pipeline are forward-looking statements. Phrases such as “aim”, “plan”, “intend”, “anticipate”, “well-placed”, “believe”, “estimate”, “expect”, “target”, “consider” and similar expressions are generally intended to identify forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to differ materially from what is expressed or implied by the statements. For Smith & Nephew, these factors include: economic and financial conditions in the markets we serve, especially those affecting health care providers, payers and customers; price levels for established and innovative medical devices; developments in medical technology; regulatory approvals, reimbursement decisions or other government actions; product defects or recalls; litigation relating to patent or other claims; legal compliance risks and related investigative, remedial or enforcement actions; strategic actions, including acquisitions and dispositions, our success in performing due diligence, valuing and integrating acquired businesses; disruption that may result from transactions or other changes we make in our business plans or organisation to adapt to market developments; and numerous other matters that affect us or our markets, including those of a political, economic, business, competitive or reputational nature. Please refer to the documents that Smith & Nephew has filed with the U.S. Securities and Exchange Commission under the U.S. Securities Exchange Act of 1934, as amended, including Smith & Nephew’s most recent annual report on Form 20-F, for a discussion of certain of these factors.

Any forward-looking statement is based on information available to Smith & Nephew as of the date of the statement. All written or oral forward-looking statements attributable to Smith & Nephew are qualified by this caution. Smith & Nephew does not undertake any obligation to update or revise any forward-looking statement to reflect any change in circumstances or in Smith & Nephew’s expectations.
About Smith & Nephew

100

Smith & Nephew is a diversified advanced medical technology business that supports healthcare professionals in more than 100 countries to improve the quality of life for their patients.

FTSE100

A constituent of the UK's FTSE100, our shares are traded in London and New York.

Shares

S&N has paid a dividend to shareholders on its Ordinary Shares every year since 1937.

$4.7bn

Annual sales in 2016 were $4.7 billion.

15,000

We have more than 15,000 employees around the world.
Smith & Nephew is a company of pioneers, extending access to advanced medical technologies and enabling better outcomes for patients globally. We’ve been doing this for over 150 years.

1856
We are established

1856
Thomas James Smith opened a chemist shop in Hull, UK and develops a new method for refining cod liver oil

1896
Horatio Nelson Smith entered into a partnership with his uncle forming TJ Smith & Nephew

1914
Days after the outbreak of WW1, we received an order to provide surgical and field dressing supplies to the French army within 5 months

1937
We were listed on the London stock exchange

1948
Key acquisitions of Richards Medical Company in Memphis, specialists in orthopaedic products and Dyonics, an arthroscopy specialist based in Andover

1995
Acquired Acufex Microsurgical Inc, making us a market leader in arthroscopic surgical devices

1999
We were listed on the New York Stock Exchange and in 2001 became a constituent member of the UK FTSE-100 index

2001
Oxinium®, a new material that improves performance and increases the service life of total joint replacement systems, first introduced

2011
PICO™, the first pocket-sized, single-use system, revolutionizes the negative pressure wound therapy market

2013
Journey™ II BCS sets a new standard in knee implant performance, designed to restore more normal motion

We are proud of what we do and value our 15,000 employees who make this possible

We have been pioneering health solutions since 1856 and now have a presence in over 100 countries

Smith & Nephew supports healthcare professionals in their daily efforts to improve the lives of their patients.
Our business

$4.7bn
Revenues (2016)

Advanced Wound Care
- ALLEVYN® Life
  Advanced Foam Wound Dressings
- Collagenase
  SANTYL® Ointment
  Enzymatic debrider

Advanced Wound Bioactives
- NAVIO® Surgical System

Other Surgical Businesses
- COBLATION® Wand
- SUTUREFIX® Ultra
  Suture Anchor

Arthroscopic Enabling Technologies

Sports Medicine
- Joint Repair

Trauma

Knees

Hips

Arthroscopic

JOURNEY™ II BCS
  Bi-Cruciate Stabilised Knee System

ANTHOLOGY™
  Primary Hip System

TRIGEN® INTERTAN®
  Intertrochanteric Antegrade Nail

Advanced Wound Devices
- PICO®
  Negative Pressure Wound Therapy

$4.7bn (2016)
Our markets...

1856 Smith & Nephew starts off with presence in the UK

We have a balanced global footprint...
Our leading position

Data: 2016 Estimates generated by Smith & Nephew based upon public sources and internal analysis
*Representing access, resection and repair products.
** A division of Johnson & Johnson

** Hip & Knee Implants
- Zimmer Biomet: 34-36%
- DePuy Synthes**: 20-22%
- Stryker: 19-21%
- Other: 9-11%

** Sports Medicine**
- Arthrex: 29-33%
- DePuy Mitek**: 12-16%
- Stryker: 9-13%
- Other: 20-24%

** Advanced Wound Management
- Convatec: 5-9%
- Acelity: 17-21%
- Molnlycke: 9-13%
- Other: 14-18%

*Other** Stryker: 9-13%

Stryker
Our market growth drivers

- Emerging Markets
- Demographics
- Technology
- Prevalence
- Economics
- Lifestyle
Market realities and opportunities

- Procedure demand continues to increase
- Still room for innovation
- Ability to pay continues to decrease in established markets
- New business models slowly emerging, but fragmented
- Environment Complexities

**Demographic and disease led**
- Fuelled by expanded access in emerging markets

**Demonstrate clinical benefit or cost reduction**
- Austerity, reduced prices
- Alternative, less costly solutions
- Syncera value solutions – pioneering model
- Mid-tier model to access emerging markets
- Regulatory, clinical data, manufacturing know-how, patents
- Customer relationships, distribution channels, capital
Our performance

<table>
<thead>
<tr>
<th>Revenue</th>
<th>$4,669m</th>
<th>+2%*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted earnings per share (EPSA)</td>
<td>82.6c</td>
<td>+2%CAGR</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Trading profit</th>
<th>$1,020m</th>
<th>-4%* 21.8% margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend per share</td>
<td>30.8c</td>
<td>+12%CAGR</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Trading cash conversion</th>
<th>75%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Debt</td>
<td>$1,550m</td>
</tr>
</tbody>
</table>

* Underlying growth percentage after adjusting for the effect of currency translation, acquisitions and disposals.
Our customers

- Healthcare systems, Procurement groups
- Nurses, Nurse specialists
- Retail consumers, Patients
- Surgeons
- Physicians, GPs
- Payers, Administrators
Strategic priorities

Winning in Established Markets

Accelerating development in Emerging Markets

Innovating for value

Simplifying and improving our operating model

Supplement organic growth through acquisitions
Capital allocation framework

1. Reinvest for organic growth
2. Progressive dividend policy
3. Acquisitions in line with strategy
4. Return excess To shareholders

Maintain strong balance sheet to ensure solid investment grade credit metrics
Future – a rebalanced Smith & Nephew

Future Growth

Higher Growth: Sports Medicine Joint Repair, Trauma & Extremities, Advanced Wound Bioactives and Devices, Emerging markets (all franchises), COBLATION, Robotics, ENT.

Lower Growth: Arthroscopic Enabling Technologies, Reconstruction and Advanced Wound Care (all Established markets)

* Excluding Clinical Therapies
Q2 revenue growth of 3% underlying*

*Underlying growth* is not adjusted for the impact of one fewer selling day in Q2 2017 compared to Q2 2016

‘Other Est’ is Australia, Canada, Europe, Japan and New Zealand

‘Other Surgical’ includes ENT and robotics sales (excluding implant sales)
H1 2017 revenue growth of 3% underlying

Geographical growth

Underlying change (%)

- 0%
- 2%
- 12%

Revenue split

- US
- Est OUS
- Emerging
- Sports Medicine Joint Repair
- Arthroscopic Enabling Tech
- Trauma & Extremities
- Other Surgical
- Knees
- Hips
- AWC
- AWB
- AWD

Product franchise growth

Underlying change (%)

- 6%
- 6%
- 9%
- 5%
- 0%
- 2%
- 15%

Note: ‘Est OUS’ is Australia, Canada, Europe, Japan and New Zealand; ‘Other Surgical’ includes ENT and robotics sales (excluding implant sales)
2017 guidance reiterated; ongoing tax rate 1% lower

<table>
<thead>
<tr>
<th>2017</th>
<th>Sales growth:</th>
<th>Trading profit margin:</th>
<th>Tax rate(^{(2)}):</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Underlying:</strong> 3% to 4%</td>
<td>20-70bp improvement</td>
<td>Around 22%</td>
</tr>
<tr>
<td></td>
<td><strong>Reported(^{(1)}):</strong> 2.5% to 3.5%</td>
<td></td>
<td>(previously: around 26%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Medium-term</th>
<th>Underlying sales growth:</th>
<th>Trading profit margin:</th>
<th>Tax rate(^{(2)}):</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Consistent growth above market</td>
<td>Ongoing improvement</td>
<td>Around 25%</td>
</tr>
</tbody>
</table>

\(^{(1)}\) Based on exchanges rates prevailing on 21 July 2017.
\(^{(2)}\) Tax rate on trading result
2011-2016: our journey here

We simplified the Group structure and invested in talent

• Streamlined from four independent silos to a single group structure
• Created single country MD model and global functions
• Established governance and rigour around capital deployment

We invested in our growth platforms and our infrastructure

<table>
<thead>
<tr>
<th>Organic investments</th>
<th>Acquisitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Stepped up R&amp;D investment</td>
<td>• Healthpoint, ArthroCare</td>
</tr>
<tr>
<td>• Built our presence in Emerging Markets</td>
<td>• Distribution in Emerging Markets</td>
</tr>
<tr>
<td>• Built a global infrastructure</td>
<td>• Technologies e.g. Robotics</td>
</tr>
</tbody>
</table>
2017 – 2018: driving improved execution

A structure fit to implement our strategy

- Organisational structure is fully in place
- Commercial operations; single country MD model
- Global functions to drive excellence and efficiency

Tools to execute better

- Improve **salesforce excellence**
- Drive better **pricing**
- Support sales with compelling **Health Economic** evidence
- Enhance **market access** in procurement driven environments

Ongoing improvement programmes

- Research & Development
- Strengthening supply chain
- Responding to increasing regulatory requirements
- Harmonising our IT systems
- Shared Business Services
Focus on Execution in Established Markets

A more agile structure armed with the right tools...

A structure fit to implement our strategy
- Organisational structure fully in place
- Commercial operations simplified
- Global functions to drive excellence and efficiency

Tools and initiatives to execute better
- Improve **salesforce excellence**
- Drive better **pricing and evidence**
- **Inventory management** and **supply chain initiatives**
Emerging Markets - a pillar of higher growth

Return to sustainable double digit growth

Growth potential supported by secular growth trends

- **China**: double digit growth expected for full year with improved channel management
- **Gulf States**: Tender order in Q2, not expected to repeat in H2
- **Latin America** and **South East Asia** growing well

Emerging Markets returned to growth*

*All revenue growth rates are on an underlying basis and without adjustment for number of selling days*
Innovation remains at the heart of Smith & Nephew

Driving innovation

Global R&D function
- Single group R&D strategy with focused organisation
- Prioritisation and harmonisation of projects
- Better execution of product launches
- External vs internal competencies

Strong product lines
- JOURNEY\textsuperscript{\textregistered} II Knee System
- REDAPT Revision Hip System
- NAVIO\textsuperscript{\textregistered} Surgical System
- Our comprehensive Joint Repair portfolio
- COBLATION\textsuperscript{\textregistered} WEREWOLF System
- LENS Surgical Imaging System
- TRIGEN\textsuperscript{\textregistered} INTERTAN\textsuperscript{\textregistered} Intertrochanteric Nail
- PICO Single Use NPWT
Innovation in robotics-assisted surgery

NAVIO expansion continues at pace...

Total Knee application expands opportunity

- FDA approval for Total Knee indication for our JOURNEY II, GENESIS® II and LEGION platforms
- Strong interest following full launch
- Full pipeline of further indications

Other highlights

- 2016: >50% growth
- Improving utilisation per installed unit
- International: Multiple robots sold in India

...robotics becoming mainstream
A stronger Smith & Nephew

A fundamentally transformed Group...  
...in a unique, strong, global position...  
...with multiple drivers of higher growth

• Sports Medicine leadership
• Innovative Knee portfolio including robotics
• PICO changing the NPWT landscape
• Emerging Markets
• M&A optionality
## Franchise revenue analysis

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th>2017</th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
<td>Full Year</td>
<td></td>
<td>Q1</td>
<td>Q2</td>
<td></td>
<td></td>
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<tr>
<td><strong>Growth</strong></td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>$m</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td><strong>Sports Medicine, Trauma &amp; OSB</strong></td>
<td>5</td>
<td>4</td>
<td>4</td>
<td>1</td>
<td>3</td>
<td></td>
<td>4</td>
<td>480</td>
<td>3</td>
<td></td>
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<tr>
<td><strong>Sports Medicine Joint Repair</strong></td>
<td>11</td>
<td>10</td>
<td>8</td>
<td>5</td>
<td>8</td>
<td></td>
<td>7</td>
<td>152</td>
<td>5</td>
<td></td>
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<tr>
<td><strong>Arthroscopic Enabling Technologies</strong></td>
<td>4</td>
<td>4</td>
<td>2</td>
<td>(3)</td>
<td>2</td>
<td></td>
<td>(1)</td>
<td>151</td>
<td>(4)</td>
<td></td>
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<tr>
<td><strong>Trauma &amp; Extremities</strong></td>
<td>(7)</td>
<td>(6)</td>
<td>1</td>
<td>(4)</td>
<td>(4)</td>
<td></td>
<td>5</td>
<td>127</td>
<td>7</td>
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<tr>
<td><strong>Other Surgical Businesses</strong></td>
<td>19</td>
<td>14</td>
<td>12</td>
<td>15</td>
<td>15</td>
<td></td>
<td>7</td>
<td>50</td>
<td>11</td>
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<tr>
<td><strong>Reconstruction</strong></td>
<td>7</td>
<td>3</td>
<td>2</td>
<td>(2)</td>
<td>2</td>
<td></td>
<td>3</td>
<td>396</td>
<td>2</td>
<td></td>
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<tr>
<td><strong>Knee Implants</strong></td>
<td>9</td>
<td>5</td>
<td>4</td>
<td>0</td>
<td>4</td>
<td></td>
<td>5</td>
<td>246</td>
<td>4</td>
<td></td>
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<tr>
<td><strong>Hip Implants</strong></td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>(6)</td>
<td>(1)</td>
<td></td>
<td>0</td>
<td>150</td>
<td>(1)</td>
<td></td>
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<tr>
<td><strong>Advanced Wound Management</strong></td>
<td>0</td>
<td>(3)</td>
<td>(1)</td>
<td>(1)</td>
<td>(1)</td>
<td>1</td>
<td>3</td>
<td>318</td>
<td>3</td>
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<tr>
<td><strong>Advanced Wound Care</strong></td>
<td>0</td>
<td>(7)</td>
<td>(2)</td>
<td>(3)</td>
<td>(3)</td>
<td>1</td>
<td>1</td>
<td>177</td>
<td>2</td>
<td></td>
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<tr>
<td><strong>Advanced Wound Bioactives</strong></td>
<td>(4)</td>
<td>4</td>
<td>(3)</td>
<td>1</td>
<td>0</td>
<td>(8)</td>
<td>92</td>
<td>0</td>
<td></td>
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<tr>
<td><strong>Advanced Wound Devices</strong></td>
<td>11</td>
<td>1</td>
<td>5</td>
<td>2</td>
<td>5</td>
<td>16</td>
<td>49</td>
<td>14</td>
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<tr>
<td><strong>Group</strong></td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>(1)</td>
<td>2</td>
<td></td>
<td>3</td>
<td>1,194</td>
<td>3</td>
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</table>

All revenue growth rates are on an underlying basis and without adjustment for number of selling days.
Regional revenue analysis

<table>
<thead>
<tr>
<th>Geographic regions</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
</tr>
<tr>
<td><strong>Growth</strong></td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>US</strong></td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td><strong>Other Established Markets</strong></td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td><strong>Established Markets</strong></td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td><strong>Emerging Markets</strong></td>
<td>(6)</td>
<td>(2)</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td>4</td>
<td>2</td>
</tr>
</tbody>
</table>

‘Other Established Markets’ is Australia, Canada, Europe, Japan and New Zealand
All revenue growth rates are on an underlying basis and without adjustment for number of selling days
H1 trading income statement

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>Growth</th>
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<tbody>
<tr>
<td></td>
<td>$m</td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>2,336</td>
<td>0%</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>-603</td>
<td></td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>1,733</td>
<td>2%</td>
</tr>
<tr>
<td><em>Gross profit margin</em></td>
<td>74.2%</td>
<td>+140bps</td>
</tr>
<tr>
<td>Selling, general and admin</td>
<td>-1,133</td>
<td></td>
</tr>
<tr>
<td>Research and development</td>
<td>-107</td>
<td></td>
</tr>
<tr>
<td><strong>Trading profit</strong></td>
<td>493</td>
<td>2%</td>
</tr>
<tr>
<td><em>Trading profit margin</em></td>
<td>21.1%</td>
<td>+30bps</td>
</tr>
</tbody>
</table>
### Trading income statement - half and full year

<table>
<thead>
<tr>
<th></th>
<th>H1</th>
<th>H2</th>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>$2,328</td>
<td>$2,272</td>
<td>$2,341</td>
</tr>
<tr>
<td><strong>Cost of goods sold</strong></td>
<td>$(632)</td>
<td>$(566)</td>
<td>$(640)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>$1,696</td>
<td>$1,706</td>
<td>$1,701</td>
</tr>
<tr>
<td><strong>Gross profit margin</strong></td>
<td>72.8%</td>
<td>75.1%</td>
<td>72.7%</td>
</tr>
<tr>
<td><strong>Selling, general and admin</strong></td>
<td>$(1,100)</td>
<td>$(1,084)</td>
<td>$(1,047)</td>
</tr>
<tr>
<td><strong>Research and development</strong></td>
<td>$(113)</td>
<td>$(110)</td>
<td>$(117)</td>
</tr>
<tr>
<td><strong>Trading profit</strong></td>
<td>$483</td>
<td>$512</td>
<td>$537</td>
</tr>
<tr>
<td><strong>Trading profit margin</strong></td>
<td>20.8%</td>
<td>22.5%</td>
<td>22.9%</td>
</tr>
</tbody>
</table>
### EPSA and EPS – half and full year

<table>
<thead>
<tr>
<th></th>
<th>H1</th>
<th></th>
<th>H2</th>
<th></th>
<th>Full Year</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Trading profit</strong></td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>2016</td>
<td>483</td>
<td>512</td>
<td>537</td>
<td>587</td>
<td>1,020</td>
<td>1,099</td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net interest payable</strong></td>
<td>(24)</td>
<td>(21)</td>
<td>(22)</td>
<td>(20)</td>
<td>(46)</td>
<td>(41)</td>
</tr>
<tr>
<td><strong>Other finance costs</strong></td>
<td>(6)</td>
<td>(7)</td>
<td>(5)</td>
<td>(6)</td>
<td>(11)</td>
<td>(13)</td>
</tr>
<tr>
<td><strong>Share of results from associate</strong></td>
<td>-</td>
<td>(3)</td>
<td>2</td>
<td>(2)</td>
<td>2</td>
<td>(5)</td>
</tr>
<tr>
<td><strong>Adjusted profit before tax</strong></td>
<td>453</td>
<td>481</td>
<td>512</td>
<td>559</td>
<td>965</td>
<td>1,040</td>
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<tr>
<td><strong>Taxation</strong></td>
<td>(119)</td>
<td>(131)</td>
<td>(111)</td>
<td>(148)</td>
<td>(230)</td>
<td>(279)</td>
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<tr>
<td><strong>Adjusted attributable profit</strong></td>
<td>334</td>
<td>350</td>
<td>401</td>
<td>411</td>
<td>735</td>
<td>761</td>
</tr>
<tr>
<td><strong>Number of shares – million</strong></td>
<td>894</td>
<td>894</td>
<td>881</td>
<td>894</td>
<td>890</td>
<td>894</td>
</tr>
<tr>
<td><strong>Adjusted earnings per share (&quot;EPSA&quot;)</strong></td>
<td>37.4¢</td>
<td>39.1¢</td>
<td>45.5¢</td>
<td>46.0¢</td>
<td>82.6¢</td>
<td>85.1¢</td>
</tr>
<tr>
<td><strong>Earnings per share (&quot;EPS&quot;)</strong></td>
<td>27.0¢</td>
<td>33.0¢</td>
<td>61.6¢</td>
<td>12.9¢</td>
<td>88.1¢</td>
<td>45.9¢</td>
</tr>
</tbody>
</table>
Free cash flow – half and full year

<table>
<thead>
<tr>
<th></th>
<th>H1</th>
<th>H2</th>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>Trading profit</td>
<td>483</td>
<td>512</td>
<td>537</td>
</tr>
<tr>
<td>Share based payment</td>
<td>14</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>147</td>
<td>148</td>
<td>153</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>(174)</td>
<td>(161)</td>
<td>(218)</td>
</tr>
<tr>
<td>Movements in working capital and other</td>
<td>(215)</td>
<td>(130)</td>
<td>25</td>
</tr>
<tr>
<td>Trading cash flow</td>
<td>255</td>
<td>382</td>
<td>510</td>
</tr>
<tr>
<td><strong>Trading cash conversion</strong></td>
<td><strong>53%</strong></td>
<td><strong>75%</strong></td>
<td><strong>95%</strong></td>
</tr>
<tr>
<td>Restructuring, rationalisation, acquisition &amp; other</td>
<td>(49)</td>
<td>36</td>
<td>(73)</td>
</tr>
<tr>
<td>Operating cash flow</td>
<td>206</td>
<td>418</td>
<td>437</td>
</tr>
<tr>
<td>Net interest paid</td>
<td>(24)</td>
<td>(17)</td>
<td>(21)</td>
</tr>
<tr>
<td>Taxation paid</td>
<td>(87)</td>
<td>(72)</td>
<td>(54)</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>95</td>
<td>329</td>
<td>362</td>
</tr>
</tbody>
</table>
## 2017 technical guidance

<table>
<thead>
<tr>
<th>Guidance</th>
<th>As of February 2017</th>
<th>Update</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restructuring costs</td>
<td>Nil</td>
<td>No change</td>
</tr>
<tr>
<td>Acquisition and integration costs</td>
<td>c. $5m</td>
<td>No change</td>
</tr>
<tr>
<td>Amortisation of acquisition intangibles</td>
<td>c. $120m</td>
<td>No change</td>
</tr>
<tr>
<td>Income from associates</td>
<td>~$0m</td>
<td>No change</td>
</tr>
<tr>
<td>Net interest</td>
<td>$50m - $55m</td>
<td>No change</td>
</tr>
<tr>
<td>Other finance costs</td>
<td>Similar to 2016</td>
<td>No change</td>
</tr>
<tr>
<td>Tax rate on Trading result</td>
<td>c. 26%</td>
<td>c. 22%</td>
</tr>
</tbody>
</table>

### Foreign exchange and other

| Impact of disposal of GYN business on revenue | ~80bps              | No change |
| Impact of translational FX on revenue        | c. -1%              | +0.3%*    |

* Based on the foreign exchange rates prevailing on 21 July 2017
Management

Olivier Bohuon
Chief Executive Officer

Olivier joined the Board and was appointed Chief Executive Officer in April 2011. He resigned as a Member of the Nomination & Governance Committee on 3 February 2016. Olivier holds a doctorate from the University of Paris and an MBA from HEC, Paris. He started his career in Morocco with Roussel Uclaf S.A. and then, with the same company, held a number of positions in the Middle East with increasing levels of responsibility. He joined Abbott in Chicago as head of their anti-infective franchise with Abbott International, before becoming Pharmaceutical General Manager in Spain. He subsequently joined GlaxoSmithKline, rising to Senior Vice President & Director for European Commercial Operations. He then re-joined Abbott as President for Europe, became President of Abbott International, and then President of their Pharmaceutical Division. He joined Smith & Nephew from Pierre Fabre, where he was Chief Executive. Olivier has extensive international healthcare leadership experience within a number of significant pharmaceutical and healthcare companies. His global experience provides the skillset required to innovate a FTSE 100 company with a deep heritage and provide inspiring leadership. He is a Non-Executive Director of Virbac group and Shire plc, where he is also a member of the Remuneration Committee.

Graham Baker
Chief Financial Officer

Joined the Board as Chief Financial Officer in March 2017. Graham holds an MA degree in Economics from Cambridge University and qualified as a Chartered Accountant and Chartered Tax Advisor with Arthur Andersen. In 1995, he joined AstraZeneca PLC where he worked for 20 years, holding multiple senior roles, including Vice President, Finance, International (2013-2015) with responsibility for all emerging markets, Vice President, Global Financial Services (2011-2013) and Vice President Finance & Chief Financial Officer, North America (2008-10). Most recently, Graham was Chief Financial Officer of generic pharmaceuticals company Alvogen. Graham has deep sector knowledge and has had extensive exposure to established and emerging markets which will be extremely relevant to his role at Smith & Nephew. He has a strong track record of delivering operational excellence and has relevant experience across major finance roles and geographic markets, leading large teams responsible for significant budgets.
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